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(CLASSIFICATION)

OFFICE OF THE DIRECTOR

Action memorandum no. _____

Date AUG 25

Deputy Director for Central Intelligence

Executive Director-Comptroller

Deputy Director for Intelligence

Deputy Director for Plans

Deputy Director for Support

Deputy Director for Science and Technology

Inspector General

General Counsel

TO :

SUBJECT : Economy Measures

REFERENCE:

1. On 22 July 1964 the President reviewed with the Cabinet the progress made thus far in improving efficiency and economy in the operations of the Federal Government, and he directed that further efforts toward these ends be made in the months ahead. The President made it unmistakably clear that it is the continuing policy of this administration to effect maximum results with minimum expenditures. His instructions very specifically were to "redouble efforts to reduce costs" through such measures as simplifying procedures, streamlining field elements, setting up productivity goals and imbuing contractors with this same spirit of cost consciousness. He directed that employment controls are to be tightened so that operations are conducted with the most restrictive staffing patterns possible. The President also made a special point of the need to eliminate nonessential publications.

2. Over the past year the Agency has actively engaged in an economy program. We can take pride in our accomplishments. I feel they have been responsive to the President's program. However, our progress must not lull us into complacency. Again I want to impress on each of you personally and, through you, all personnel of your directorates and offices that further real savings in manpower and dollars can and must be effected in CIA.

3. The manpower ceilings provided to you for FY 1965 and FY 1966 provide a first big step to this end. At the same time we must assure that a sound and imaginative substantive program is maintained in accomplishing

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the Agency's vital missions. Maintaining adequate program balance within and between directorates will always be difficult, but especially where retrenchments are required. We are all under the gun to assure that flexible systems are provided in our organizations which will provide, within established ceilings, sufficient maneuverability to meet changing priorities and to adjust to new tasks without constantly upsetting on-going activities. In this regard the Agency must consider programs in their entirety with each part evaluated in light of the whole. Our cost consciousness and manpower control is not a numbers game. It must reflect hard decisions and a positive, objective and non-parochial outlook on the part of all members of our management team. Activities which do not contribute directly to the accomplishment of the Agency's missions must be phased out and discontinued. At the same time we must hold other members of the Intelligence Community responsible for their part of the intelligence task and not establish unwarranted duplication of these efforts in CIA.

4. I have charged the DDCI and the Executive Director-Comptroller with spearheading the Agency economy effort and providing strengthened and improved centralized management review and control over our programs and projects and their related manpower and budgets. I will expect from them regular reports on the Agency's progress which I can study and report forward to the President. My belief in active management at the top echelons will cause some strain, but I know of no better way of producing results in line with the President's goals. Even as I congratulate you for recent achievements, I want to urge you on to greater progress in the knowledge that the dollar and personnel ceilings currently in effect have behind them my strong approval and my personal wish that no effort be spared to expedite their attainment.

John M. McCone
Director

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TRANSMITTAL SLIP		20 August 1964
TO: <u>Mr. Bannerman</u> <i>VRT</i>		
ROOM NO.	BUILDING	
REMARKS:		
<p>You wished to read the attached Action Memo A-411. We will forward a copy to each of the DD/S Offices.</p> <p><i>Note: distributed to DD/S offices as DD/S AN 64-5. On 24 Aug, 64 - VRT</i></p>		
FROM:		
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